Pohjola Bank plc's Interim Report for 1 January – 31 March 2011

Q1

Pohjola

Pohjola Bank plc
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Pohjola Group Performance for January–March

- Consolidated earnings before tax improved to EUR 94 million (59). Earnings before tax at fair value were EUR 74 million (119) and return on equity at fair value stood at 10.0% (15.9).
- Banking earnings before tax doubled to EUR 53 million (26). These earnings included EUR 16 million (33) in impairment charges on receivables. The loan portfolio increased by 3% from its level on 31 December 2010.
- Within Non-life Insurance, insurance premium revenue rose by 8%. Earnings were eroded by higher claims incurred. Excluding amortisation on intangible assets arising from company acquisition, the operating combined ratio stood at 100.5% (95.5). Within Non-life Insurance, return on investments at fair value was 0.5% (3.2).
- Asset Management increased its earnings by 11% to EUR 6.2 million (5.6) and assets under management amounted to EUR 34.8 billion (35).
- The Group Functions reported earnings of EUR 17 million (22) before tax.
- Unchanged outlook: Consolidated earnings before tax for 2011 are expected to be higher than in 2010. For more detailed information on outlook, see "Outlook towards the year end" below.

Earnings before tax, € million	**Q1/ 2011**	**Q1/ 2010**	**Change, %**	**2010**
Banking	53	26	106	133
Non-life Insurance	19	6	230	83
Asset Management	6	6	11	31
Group Functions	17	22	-24	61
Total	**94**	**59**	**61**	**308**
Change in fair value reserve	-21	61		-17
Earnings before tax at fair value	**74**	**119**	**-38**	**291**
Earnings per share, €	0.23	0.14		0.72
Earnings per share at fair value, €	0.18	0.28		0.68
Equity per share, €	7.22	7.04		7.44
Average personnel	3,023	2,992		3,005

Financial targets	**Q1/ 2011**	**Q1/ 2010**	**2010**	**Target**
Return on equity at fair value, %	10.0	15.9	9.3	13
Tier 1 ratio, %	12.2	12.1	12.5	>9.5
Operating cost/income ratio by Banking, %	34	35	35	<40
Operating combined ratio, %	100.5	95.5	89.7	92
Operating expense ratio, %	21.9	21.8	21.3	<20
Solvency ratio, %	84	91	86	70
Operating cost/income ratio by Asset Management, %	50	54	53	<50
AA rating affirmed by at least two credit rating agencies	3	3	3	≥ 2
Dividend payout ratio a minimum of 50%, provided that Tier 1 > 9.5%			55	>50

President and CEO Mikael Silvennoinen:

“Our consolidated earnings before tax for the first quarter of 2011 were good and much better than a year ago. Our income grew at more than double the rate of our expenses. Finnish economic growth remained strong and the corporate sector has continued to experience a more favourable operating environment buttressed by brighter export prospects. As a result of the improved operating environment, our impairment charges for the reporting period were markedly lower than a year ago although they remained at the previous quarter's level. Interest rates continued their upward trend and uncertainty persisted in capital markets, with the result that our consolidated earnings before tax at fair value were lower than the record level posted a year earlier.

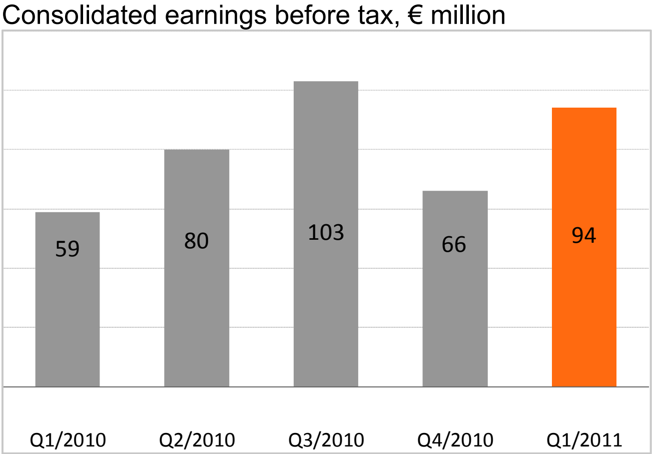
Banking improved its year-on-year earnings markedly, and it was gratifying to see that all our business lines developed favourably. Demand for corporate loans has gradually rebounded, and our corporate loan portfolio grew by 3% in the first quarter. This growth improved net interest income although tougher competition reduced the average margin on our corporate loan portfolio. The Markets division reported good financial performance and client trading volumes were on the rise. Baltic Banking also developed favourably.

Insurance premium revenue continued its strong growth among private customers and premium revenue from corporate customers also rebounded markedly. Higher claims expenditure, especially among corporate customers, weakened the operating combined ratio. Within private customers, our balance on technical account was almost at the previous year's level despite bad winter weather conditions and the larger number of claims.

Within Asset Management, assets under management were at their 2010-end level, and the business line showed improved operating efficiency.

The Finnish economy is expected to continue its strong growth in 2011, which will provide us with growth potential. Accordingly, we will strengthen our customer service resources considerably during the current year. Our strong capital base and diverse range of services provide us with good opportunities to meet the growing needs of our customers.”

Consolidated earnings before tax, € million



Pohjola Group Interim Report for 1 January–31 March 2011

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Operating environment

The world economy continued its strong growth in the first quarter of 2011. However, this favourable development was tinged with uncertainty caused by Japan's natural disaster and the restlessness in the Arab world. A reduction in unemployment has supported broad-based economic growth in the USA. Europe's economies have also shown growth although inflation has climbed faster than expected. Accelerating inflation has also cast a shadow over emerging economies. All in all, however, the world economy will continue to grow this year at a rate above the long-term average.

The Finnish economy grew rapidly and the unemployment rate continued to decline in the first quarter. Finland too showed an accelerating inflation rate but consumer confidence remained strong. Consumer spending will this year be buttressed by improving employment. Export prospects are favourable and the pace of capital spending is expected to quicken. The economic outlook for the current year is optimistic.

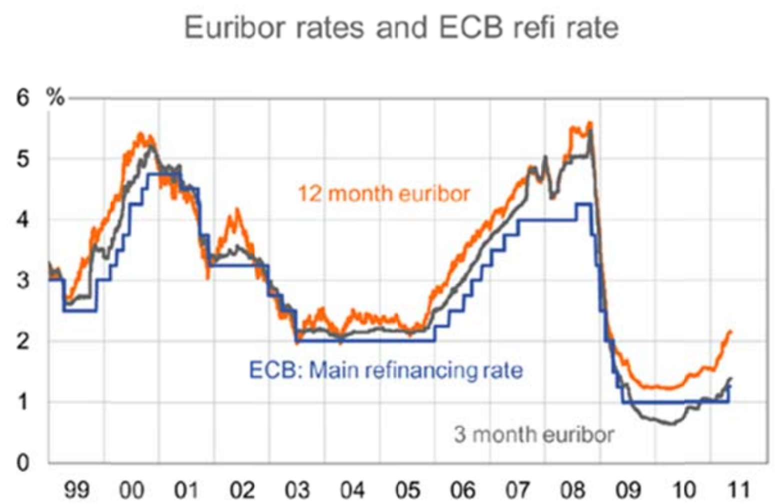
The first quarter saw a quickening rise in short-term market rates because the European Central Bank (ECB) was anticipated to raise its main refinancing rate sooner than expected. Indeed, the ECB raised the rate to 1.25% in early April. Higher inflation and economic growth in the euro zone are reflected in the ECB's monetary policy decisions. The ECB is expected to continue to raise the main refinancing rate this year.

The year-start was favourable in money and capital markets but Japan's natural disaster and rising oil prices made the markets nervous, which was reflected in equity markets in particular. Portugal faced increasing problems in government bond markets, which ultimately forced it to request a financial rescue from its euro-zone partners. However, Portugal's predicament was not reflected in the market on any wider scale. In order to survive their debt crisis, Portugal and the other debt-ridden euro-zone countries must solve their own competitiveness-related and structural problems because the financial aid is only temporary relief.

In the first quarter, the loan portfolio in the financial sector continued to grow at an annual average rate of around 6%. Higher short-term market rates have not slowed down growth in consumer lending, and the housing market has remained lively. The corporate loan portfolio has continued to grow at a slightly slower rate than the consumer loan portfolio although there are signs of a pickup.

Although global equity markets enjoyed a strong recovery towards the end of March, the NASDAQ OMX Helsinki stock indices were below their year-end level. Jittery financial markets and higher interest rates made the net assets inflow into mutual funds remain relatively low during the first quarter. Total deposits continued to grow at an annual rate of around 6%.

In the first quarter, the growth rate of Non-life Insurance premiums written improved to over 5%. This growth is expected to remain at an above-average rate, underpinned by brighter prospects in the corporate sector and the accelerating inflation rate. Although Japan's natural disaster will have only minor direct effects on the Finnish insurance sector, natural disasters that have recently become more common are expected to put pressure on insurance premiums in the longer term. Greater economic activity was reflected in higher claims incurred which continued to increase more rapidly in the first quarter than insurance premiums, as expected.



Source: Bank of Finland

Consolidated earnings

Earnings analysis € million	2011 Q1	2010 Q1	Change %	Rolling 12 -month	2010
Net interest income					
Corporate and Baltic Banking	43	40	6	174	172
Markets	12	6	109	33	27
Other operations	13	14	-4	58	59
Total	68	60	14	266	258
Net commissions and fees	41	40	2	164	164
Net trading income	14	7	100	42	35
Net investment income	11	18	-36	25	31
Net income from Non-life Insurance					
Insurance operations	68	74	-8	321	327
Investment operations	37	17	124	113	92
Other items	-12	-11	2	-31	-30
Total	94	79	18	403	388
Other operating income	11	11	0	50	50
Total income	**239**	**215**	**11**	**950**	**926**
Personnel costs	55	47	16	206	199
IT expenses	19	19	-2	75	76
Depreciation and amortisation	15	18	-17	69	72
Other expenses	41	39	5	170	168
Total expenses	**129**	**123**	**5**	**521**	**514**
Earnings before impairments of receivables	**110**	**92**	**20**	**430**	**412**
Impairments of receivables	15	33	-53	87	104
Earnings before tax	**94**	**59**	**61**	**343**	**308**
Change in fair value reserve	-21	61		-98	-17
Earnings before tax at fair value	**74**	**119**	**-38**	**245**	**291**

January–March earnings

Earnings before tax improved by 61% to EUR 94 million. Impairment charges for receivables more than halved year on year, amounting to EUR 15 million.

The fair value reserve shrank as a result of higher interest rates and earnings before tax at fair value were lower than a year ago.

Total income and total expenses increased by 11% and 5%, respectively.

Net interest income was up by 14%. On 31 March 2011, the loan portfolio was 7% larger than a year ago and the average corporate loan margin was slightly lower than a year ago.

Net commissions and fees were at around the same level as the year before. Net commissions and fees from securities brokerage improved markedly but those from securities issuance declined.

Net trading income doubled year on year, thanks to growth in client trading.

Net investment income decreased. The reported earnings included almost EUR 15 million less realised capital gains recognised on the liquidity portfolio.

Net income from Non-life Insurance showed an increase due to higher net income from investment operations, year on year. Impairment charges recognised on investments a year ago totalled EUR 16 million. Lower net income from insurance operations was due to higher claims incurred.

Expenses rose by 5%. Personnel costs increased by 16% year on year but were at the level reported for the previous quarter. The number of Group employees increased by 53 year on year.

The fair value reserve before tax decreased by EUR 21 million from its level on 31 December 2010 and stood at EUR –38 million on 31 March 2011, as against EUR –17 million on 31 December 2010.

Earnings analysis by quarter			**2010**		**2011**
€ million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
Net interest income					
Corporate and Baltic Banking	40	44	43	45	43
Markets	6	4	3	14	12
Other operations	14	19	16	10	13
Total	60	67	62	69	68
Net commissions and fees	40	41	37	46	41
Net trading income	7	8	18	2	14
Net investment income	18	-3	6	10	11
Net income from Non-life Insurance					
Insurance operations	74	99	106	47	68
Investment operations	17	26	26	24	37
Other items	-11	-11	-11	4	-12
Total	79	114	120	75	94
Other operating income	11	10	11	18	11
Total income	**215**	**239**	**255**	**218**	**239**
Personnel costs	47	52	44	55	55
IT expenses	19	19	18	20	19
Depreciation and amortisation	18	16	23	16	15
Other expenses	39	43	40	46	41
Total expenses	**123**	**130**	**125**	**137**	**129**
Earnings before impairments of receivables	**92**	**109**	**130**	**81**	**110**
Impairments of receivables	33	29	27	16	15
Earnings before tax	**59**	**80**	**103**	**66**	**94**
Change in fair value reserve	61	-92	62	-47	-21
Earnings/loss before tax at fair value	**119**	**-11**	**165**	**18**	**74**

Group risk exposure

The Group's risk exposure remained favourable as impairment charges continued their downward trend and investment-grade exposures remained high. The improved economic situation was reflected in higher creditworthiness among corporate customers although some corporate customers continued to feel the effects of the economic crisis. Doubtful receivables remained low relative to the loan and guarantee portfolio.

Net loan losses and impairment losses recognised for January–March reduced earnings by EUR 15 million (33), accounting for 0.11% (0.24) of the loan and guarantee portfolio. Final loan losses recognised for the period totalled EUR 1 million (25) and impairment charges EUR 16 million (41). Loan loss recoveries and allowances for impairments totalled EUR 2 million (32). The majority of the impairments were those recognised on an individual basis.

Doubtful receivables increased by EUR 11 million to EUR 42 million in the first quarter but remained low, accounting for 0.29% (0.22) of the loan and guarantee portfolio. Past due payments came to EUR 15 million (17), representing 0.10% (0.12) of the loan and guarantee portfolio.

No major changes took place in Non-life Insurance's underwriting risks and investment portfolio risk exposure.

The financial and liquidity position remained strong. Both short-term and long-term funding performed well. Pohjola Bank plc maintains OP-Pohjola Group's liquidity portfolio, which mainly consists of notes and bonds eligible as collateral for central bank refinancing. This liquidity portfolio plus other items included in OP-Pohjola Group's balance sheet and eligible for central bank refinancing constitute the total liquidity buffer, which can be used to cover OP-Pohjola Group's wholesale funding maturities for some 24 months.

Determining the value of the available-for-sale financial assets at fair value through profit or loss and included in the liquidity portfolio is based on mark-to-market valuations. During the reporting period, Pohjola did not recognise any impairment charges on the liquidity portfolio and kept market risks moderate.

Capital adequacy

Capital structure and capital adequacy

€ million	**31 March 2011**	**31 Dec 2010**
Tier 1 capital	1,690	1,692
Tier 2 capital	0	111
Total capital base	1,690	1,803
Risk-weighted assets		
Credit and counterparty risk	12,372	12,314
Market risk	586	467
Operational risk	913	739
Total	13,871	13,520
Capital adequacy ratio, %	12.2	13.3
Tier 1 ratio, %	12.2	12.5
Core Tier 1, %	10.2	10.5

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

€ million	**31 March 2011**	**31 Dec 2010**
Conglomerate's capital base	2,051	2,154
Conglomerate's minimum capital base	1,299	1,259
Conglomerate’s capital adequacy	753	895
Conglomerate’s capital adequacy ratio	1.58	1.71

In March, Pohjola Bank plc redeemed Lower Tier 2 subordinated debenture loan of EUR 150 million, reducing Pohjola Group's capital adequacy ratio. Nevertheless, the capital adequacy ratio under the Act on Credit Institutions remained good, clearly exceeding the minimum statutory requirement of 8%. Pohjola Group's Tier 1 target ratio stands at a minimum of 9.5% over the economic cycle.

Tier 1 capital was at the 2010-end level. The redemption of the Tier 2 loan reduced the total capital base. Risk-weighted assets increased by EUR 351 million from their year-end level.

Pohjola Group belongs to OP-Pohjola Group whose capital adequacy is supervised in accordance with the Act on the Supervision of Financial and Insurance Conglomerates. Pohjola Group's capital adequacy ratio under the Act, measured using the consolidation method, decreased to 1.58 (1.71), due to the redemption of the debenture loan, but remained markedly above the statutory minimum of 1.0.

As a result of the financial crisis, the regulatory framework for banks' capital requirements is becoming more rigorous in an effort to improve the quality of their capital base, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes are still under preparation, due to be effective between 2013 and 2019, and it is too early to predict precisely what their effects will be. From Pohjola Group's viewpoint, the most significant changes in the new regulations are related to allowances for insurance company holdings and liquidity risk requirements whose treatment will most likely to be finalised only in national legislation.

Credit ratings

Rating agency	Short-term debt	Outlook	Long-term debt	Outlook
Standard & Poor's	A-1+	Stable	AA-	Stable
Moody's	P-1	Negative	Aa2	Negative
Fitch	F1+	Stable	AA-	Negative

Pohjola Bank plc's credit ratings remained unchanged.

Financial performance and risk exposure by business segment

Banking

- Earnings before tax more than doubled year on year, amounting to EUR 53 million. Impairments charges on receivables came to EUR 16 million (33).
- The loan portfolio grew by 3% from its 2010-end level and by 7% from its level a year ago. The average margin of the corporate loan portfolio decreased by 4 basis points to 1.32% from the 2010-end level.
- All business divisions improved their earnings year on year.
- Operating cost/income ratio stood at 34% (35), which was markedly better than the strategic target of 40%.

Banking: financial results and key figures and ratios

€ million	Q1/ 2011	Q1/ 2010	Change, %	2010
Net interest income				
Corporate and Baltic Banking	43	40	6	172
Markets	12	6	109	27
Total	55	46	19	199
Net commissions and fees	25	24	6	93
Net trading income	15	13	21	47
Other income	7	7	-2	29
Total income	**103**	**90**	**14**	**368**
Expenses				
Personnel costs	15	12	19	54
IT expenses	6	6	10	24
Depreciation and amortisation	6	7	-16	25
Other expenses	7	6	18	27
Total expenses	**34**	**31**	**9**	**130**
Earnings before impairments of receivables	**68**	**59**	**17**	**238**
Impairments of receivables	16	33	-53	105
Earnings before tax	**53**	**26**	**106**	**133**
Earnings before tax at fair value	54	26	109	133
Loan portfolio, € billion	11.7	10.9	7	11.4
Guarantee portfolio, € billion	2.5	2.7	-8	2.6
Margin on corporate loan portfolio, %	1.32	1.39		1.36
Ratio of doubtful receivables to loan and guarantee portfolio, %	0.30	0.52		0.22
Ratio of impairments of receivables to loan and guarantee portfolio, %	0.11	0.24		0.75
Operating cost/income ratio, %	34	35		35
Personnel	684	630	9	657

January–March earnings

Earnings before tax amounted to EUR 53 million (26). Impairment charges on receivables decreased to EUR 16 million (33).

The loan portfolio grew by 3% from its year-end level to EUR 11.7 billion. The market share of corporate loans remained stable, standing at almost 20%. The guarantee portfolio decreased by EUR 0.1 billion to EUR 2.5 billion from its year-end level. Committed standby credit facilities remained unchanged at EUR 2.8 billion.

Fiercer competition made new corporate loan margins turn down, with the average margin standing at 1.32% on 31 March, or 7 basis points lower than the year before. However, Corporate Banking increased its net interest income by 6%, thanks to growth in the loan portfolio.

Net commissions and fees were 6% higher than a year ago. Pohjola holds a strong position in capital markets. Net commissions from securities brokerage increased by over one million euros. In spite of tougher price competition, total commission income from loans and guarantees were one million euros higher than in the previous year.

Earnings before tax, € million	**Q1/ 2011**	**Q1/ 2010**	**Change, %**
Corporate Banking	28	9	214
Markets	24	17	45
Baltic Banking	1	0	
Total	**53**	**26**	106

Corporate Banking improved its earnings before tax mostly because it halved impairment charges.

The good first-quarter performance shown by the Markets division was based on larger client trading volumes and successful risk exposure management. Structured bonds also sold well and net trading income improved by EUR 2 million.

Baltic Banking showed favourable development in its financial performance and made a profit. The loan portfolio grew by 40% from its level at the end of 2010, standing at EUR 144 million on 31 March 2011.

Income and expenses reported by Banking increased by 14% and 9%, respectively. The cost/income ratio remained good, standing at 34%.

Risk exposure by Banking

Within Banking, key risks are associated with credit risk arising from customer business, and market risks.

During January–March, total exposure increased by EUR 0.4 billion to EUR 22.2 billion. The ratio of investment-grade exposure – i.e. ratings 1–5 – to total exposure, excluding households, remained at a healthy level, standing at 67% (67). The share of ratings 11–12 was 1.8% (1.7) and that of non-rated exposure 1.0% (1.0).

Corporate exposure (including housing corporations) accounted for 75% (76) of total exposure within Banking. Of corporate exposure, the share of investment-grade exposure stood at 60% (61) and the exposure of the lowest two rating categories amounted to EUR 380 million (360), accounting for 2.3% (2.2) of the total corporate exposure.

Significant corporate customer exposure totalled EUR 3.5 billion (3.7). The distribution of corporate exposure by industry remained highly diversified. The most significant industries included Letting and Operation of Dwellings representing 11.3% (11.5), Manufacture of Machinery and Equipment 9.6% (9.5) and Trade 9.2% (9.2).

Net loan losses and impairment losses within Banking came to EUR 16 million (33), accounting for 0.11% (0.24) of the loan and guarantee portfolio.

On 31 March, Baltic Banking exposures totalled EUR 164 million (124), accounting for 1.1% (0.9) of the loan and guarantee portfolio. The Baltic Banking net loan losses and impairment losses for January–March amounted to EUR –1 million (–1).

Interest rate risk exposure averaged EUR 7.9 million (1.3), based on the 1-percentage-point change in the interest rate.

Non-life Insurance

- Earnings before tax amounted to EUR 19 million (6).
- The growth rate of insurance premium revenue improved to 8% (–1).
- The balance on technical account was eroded by higher claims expenditure. The operating combined ratio stood at 100.5% (95.5).
- The number of loyal customer households increased by 11,455 (8,680).
- Return on investments at fair value was 0.5% (3.2).

Non-life Insurance: financial results and key figures and ratios

€ million	Q1/ 2011	Q1/ 2010	Change, %	2010
Insurance premium revenue	246	227	8	964
Claims incurred	-193	-168	15	-694
Operating expenses	-54	-50	9	-205
Amortisation adjustment of intangible assets	-5	-6	-13	-31
Balance on technical account	**-6**	**4**	**-257**	**33**
Net investment income	38	16	137	87
Other income and expenses	-13	-14	-10	-37
Earnings before tax	**19**	**6**	**224**	**83**
Earnings/loss before tax at fair value	-4	75		139
Combined ratio, %	102.6	98.2		96.6
Operating combined ratio, %	100.5	95.5		89.7
Operating expense ratio, %	21.9	21.8		21.3
Return on investments at fair value, %	0.5	3.2		5.1
Solvency ratio , %	84	91		86
Personnel	2,101	2,087	1	2,090

Insurance operations

The growth rate of insurance premium revenue improved to 8%, with all divisions reporting growth in their premium revenue. The operating balance on technical account totalled EUR –1 million (10) and the operating combined ratio stood at 100.5% (95.5). This deterioration was due to higher claims expenditure. These operating figures exclude amortisation on intangible assets arising from the corporate acquisition.

Insurance premium revenue, € million	Q1/ 2011	Q1/ 2010	Change, %
Private Customers	117	107	10
Corporate Customers	116	109	7
Baltic States	13	12	2
Total	**246**	**227**	**8**

Growth in insurance premium revenue remained strong among Private Customers. The number of loyal customer households increased by 11,455 (8,680). All channels generated growth in insurance policy sales to private customers, with car dealers and OP-Pohjola Group member banks showing the strongest growth. Pohjola continued to improve its market position among private customers.

The March-end number of loyal customer households totalled 492,060, of which up to 63% also use OP-Pohjola Group member banks as their main bank. OP-Pohjola Group member banks' and Helsinki OP Bank's customers can use their OP bonuses earned through banking transactions to pay Pohjola non-life insurance premiums. Since December 2010, OP bonus customers have earned bonuses from insurance premiums for Pohjola's home, family and motor vehicle policies. During January–March, OP bonuses were used to pay over 333,839 insurance premiums, with 49,374 paid in full using bonuses. Insurance premiums paid using bonuses totalled EUR 15 million.

Insurance premium revenue from Corporate Customers rebounded by 7% in the wake of the end of the recession. The strongest growth came from SMEs whose number increased within Corporate Customers.

Claims incurred rose by 15% to EUR 193 million (168). Greater economic activity and two successive winters with a thick snow cover added to the number of losses reported, their number increasing by 6%. When it comes to major losses, claims incurred retained for own account were up. The reported number of major or medium-sized losses (in excess of EUR 0.1 million and over EUR 0.5 million in pension liabilities) came to 52 (50) in January–March, with their claims incurred retained for own account totalling EUR 33 million (26). The operating loss ratio deteriorated to 78.5% (73.7) and the risk ratio (excl. loss adjustment expenses) stood at 72.3% (67.5).

The operating expense ratio was 21.9% (21.8). Operating expenses rose to EUR 54 million (50), stemming from personnel costs and sales commissions. The operating cost ratio (incl. loss adjustment expenses) stood at 28.1% (27.9).

Operating balance on technical account and combined ratio (CR)	**Q1/ 2011**		**Q1/ 2010**	
	Balance € million	**CR %**	**Balance € million**	**CR %**
Private Customers	5	95.8	5	95.0
Corporate Customers	-5	104.0	5	95.6
Baltic States	-1	111.3	0	98.6
Total	**-1**	**100.5**	**10**	**95.5**

Within Private Customers, profitability developed as expected considering the winter weather conditions and the operating balance on technical account remained unchanged on a year earlier. Within Corporate Customers, the operating balance on technical account deteriorated as a result of higher claims expenditure. In the Baltic States, the snowy winter added to claims and deteriorated the balance on technical account.

Investment operations

The first-quarter remained volatile for capital markets. Return on investments at fair value stood at 0.5% (3.2). Net investment income recognised in the income statement amounted to EUR 38 million (16). Mutual fund commissions and dividends recognised in the income statement were EUR 5 million higher than a year ago. Impairment charges recognised from the fair value reserve in the income statement totalled EUR 1 million (16). Net investment income at fair value was EUR 15 million (85).

Investment portfolio by asset class, %	**31 March 2011**	**31 Dec 2010**
Bonds and bond funds	70	71
Alternative investments	7	7
Equities	11	12
Private equity	2	2
Real property	7	7
Money market instruments	2	1
Total	**100**	**100**

On 31 March 2011, the investment portfolio totalled EUR 2,985 million (2,924). The fixed-income portfolio by credit rating remained healthy, considering that investments under the "investment-grade" represented 89% (91) and 75% of the investments were rated at least A–. The average residual term to maturity of the fixed-income portfolio was 4.9 years (5.3) and the duration 3.6 years (4.1).

Risk exposure by Non-life Insurance

Major risks within Non-life Insurance include underwriting risks associated with claims developments and market risks associated with investments covering technical provisions.

On 31 March, Non-life Insurance solvency capital came to EUR 826 million (832) and the ratio of solvency capital to insurance premium revenue (solvency ratio) stood at 84% (86). Equalisation provisions decreased to EUR 407 million (424).

Pohjola Insurance Ltd’s credit ratings remained unchanged: A2 by Moody's and A+ by Standard & Poor's.
No major changes occurred in the investment portfolio's risk exposure.

Asset Management

- Earnings before tax improved by 11% to EUR 6.2 million (5.6).
- Assets under management were at their 2010-end level, totalling EUR 34.8 billion (35.0).
- Operating cost/income ratio improved to 50% (54).

Asset Management: financial results and key figures and ratios

€ million	Q1/ 2011	Q1/ 2010	Change, %	2010
Net commissions and fees	12	13	-7	58
Other income	1	1	51	9
Total income	**13**	**14**	**-4**	**67**
Personnel costs	4	5	-11	21
Other expenses	3	3	-8	15
Total expenses	**7**	**8**	**-10**	**35**
Earnings before tax	**6**	**6**	**11**	**31**
Earnings before tax at fair value	6	6	11	31
Assets under management, € billion	34.8	34.9	0	35.0
Operating cost/income ratio, %	50	54		53
Personnel	148	170	-13	144

January–March earnings

Year on year, earnings before tax rose by 11% to EUR 6.2 million (5.6). The operating cost/income ratio improved to 50% (54). The first-quarter earnings did not include performance-based management fees (0.2). The first-quarter earnings a year ago included income and expenses of Pohjola Capital Partners Ltd and Pohjola Private Equity Funds Ltd sold in December 2010. Earnings posted by these sold companies increased earnings before tax by EUR 0.8 million in the first quarter of 2010. For the continuing operations, both income and expenses increased. Earnings before tax include net profit shown by Access Capital Partners Group SA, an associated company acquired in December 2010, in proportion to Pohjola's shareholding.

Assets under management, € billion	31 March 2011	2010	Change, %
Institutional clients	19.4	19.5	-1
OP mutual funds	12.0	12.0	0
Private	3.4	3.4	0
Total	34.8	35.0	-1

Assets under management by asset class, %	31 March 2011	2010
Money market investments	13	14
Bonds	40	39
Equities	29	29
Other	18	18
Total	100	100

Group Functions

- Earnings before tax amounted to EUR 17 million (22), eroded by the expected decline in capital gains on notes and bonds.
- Credit spreads that widened in Q1/2010 as a result of the European sovereign debt crisis narrowed with the result that earnings before tax at fair value improved by EUR 4 million on a year earlier.
- Liquidity and the availability of funding remained good.

Group Functions: financial results and key figures and ratios

€ million	Q1/ 2011	Q1/ 2010	Change, %	2010
Net interest income	13	14	-10	64
Net trading income	-2	-6		-9
Net investment income	11	18	-37	31
Other income	3	3	-20	12
Total income	**24**	**30**	**-18**	**98**
Personnel costs	4	3	17	15
Other expenses	4	5	-14	23
Total expenses	**8**	**8**	**-2**	**38**
Earnings before impairments of receivables	**17**	**22**	**-24**	**60**
Impairments of receivables	0			-1
Earnings before tax	**17**	**22**	**-23**	**61**
Earnings/loss before tax at fair value	18	14	29	-12
Liquidity portfolio, € billion	9.5	12.0	-21	9.5
Receivables and liabilities from/to OP-Pohjola Group entities, net position, € billion	4.3	0.6		3.4
Central Banking earnings, € million	3	3	-2	12
Personnel	126	121	4	126

January–March earnings

Earnings before tax dropped by EUR 5 million to EUR 17 million, year on year. Net investment income included EUR 5 million in capital gains on notes and bonds (19) and EUR 6 million (3) in dividend income. Impairment charges recognised on shares and participations included in available-for-sale financial assets totalled EUR 0 million (3).

The availability of funding remained good. During the reporting period, Pohjola increased its long-term funding by issuing in international capital markets one senior bond with a maturity of five years and worth EUR 500 million. In addition, OP Mortgage Bank issued a covered bond worth EUR 1 billion and with a maturity of five years.

On 31 March, the average wholesale funding margin was 27 basis points (26). Average funding costs will rise when maturing long-term debt is renewed with higher margins.

Pohjola Bank plc's net receivables from OP-Pohjola Group retail banks and entities increased to EUR 4.3 billion. On 31 December 2010, the net position amounted to EUR 3.4 billion.

Wider credit spreads caused by the European sovereign debt crisis narrowed during the first quarter, and earnings before tax at fair value improved by EUR 4 million to EUR 18 million, year on year.

Risk exposure by Group Functions

Major risks within the Group Functions include those associated with the fair value change of assets included in the liquidity portfolio, and liquidity risks.

The Group Functions exposure totalled EUR 18.6 billion (18.1), consisting of assets held in the liquidity portfolio to secure OP-Pohjola Group's liquidity and of receivables from OP-Pohjola Group member banks. The liquidity portfolio was at the 2010-end level of EUR 9.5 billion, comprising primarily investments in notes and bonds issued by governments, municipalities, financial institutions and companies all showing good credit ratings, and in securitised assets.

Interest rate risk exposure averaged EUR 14.0 million (9.6) in the first quarter, based on the 1-percentage-point change in the interest rate.

Decisions by the Annual General Meeting

Pohjola Bank plc's Annual General Meeting (AGM) of 29 March 2011 adopted the Financial Statements for 2010, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.40 per Series A share and EUR 0.37 per Series K share. The AGM confirmed the number of members of the Board of Directors at eight. The AGM also approved the proposal by the Board of Directors for the alteration of the Articles of Association and for a Board share issue authorisation.

The AGM re-elected the following members to the Board of Directors until the closing of the next AGM: Merja Auvinen, Managing Director; Jukka Hienonen, President and CEO; Simo Kauppi, Managing Director; Satu Lähteenmäki, Director of the Turku School of Economics; Harri Sailas, President and CEO; and Tom von Weymarn.

In addition to the abovementioned Board members, Reijo Karhinen, Chairman of the Executive Board of OP-Pohjola Group Central Cooperative, the parent institution, acts as the Chairman of the Board of Directors, by virtue of the "Laki talletuspankkien yhteenliittymästä" Act (Act on the Amalgamation of Deposit Banks), and Tony Vepsäläinen, Vice Chairman of the Executive Board of OP-Pohjola Group Central Cooperative and Chief Business Development Officer, as Vice Chairman, in accordance with the Articles of Association.

Management

At its organising meeting on 29 March 2011 held after the Annual General Meeting, the Board of Directors of Pohjola Bank plc (Pohjola) elected members to the Board's committees.

The Remuneration Committee comprises Reijo Karhinen, Executive Chairman (Chairman); Tony Vepsäläinen (Vice Chairman), Chief Business Development Officer; and Satu Lähteenmäki, Director of the Turku School of Economics.

The Risk Management Committee comprises Tony Vepsäläinen (Chairman), Chief Business Development Officer; Simo Kauppi, Managing Director (Vice Chairman); and Harri Sailas, President and CEO.

The Audit Committee comprises Tom von Weymarn (Chairman); Merja Auvinen, Managing Director (Vice Chairman); and Jukka Hienonen, President and CEO.

The Board of Directors assessed the independence of its members and concluded that Jukka Hienonen, Satu Lähteenmäki and Tom von Weymarn are non-executive members independent of the Company and its major shareholders.

Vesa Aho, M.Sc. (Econ. & Bus. Adm.), aged 36, took up his duties as Pohjola Group's CFO on 1 March 2011.

Mikael Silvennoinen, Pohjola Bank plc's President and CEO, returned to work on 21 March 2011 after sick leave that began in January 2011.

Shares and shareholders

On 31 March 2011, the number of Pohjola Bank plc Series A shares (quoted) and Series K shares (unquoted) totalled 319,551,415 and votes conferred by the shares 593,077,995.
The number of Pohjola shares did not change during the first quarter.

Number of shares

Share series 31 March 2011	Number of shares	% of shares	% of votes
Pohjola A (POH1S)	251,169,770	78.6	42.4
Pohjola K (POHKS)	68,381,645	21.4	57.6
Total	319,551,415	100	100

On 31 March 2011, one Series A share closed at EUR 9.62 (31 December 2010: 8.97). In the first quarter of 2011, the share price reached a high of EUR 10.13 (28 March 2011) and a low of EUR 9.00 (10 January 2011). A dividend payable on one Series A share and one Series K share for 2010 amounted to EUR 0.40 and EUR 0.37, respectively. Pohjola's market capitalisation amounted to EUR 3,074 million (2,866) on 31 March. In calculating the market capitalisation, Series K shares were valued at the price of Series A shares.

Trading in Series A shares in euro terms amounted to EUR 329 million in the first quarter of 2011 as against EUR 337 million a year earlier, whereas in volume terms it came to 34 million shares (42).

Number of shareholders

	31 March 2011	31 Dec 2010	Change
Holders of Series A shares	34,453	34,903	-450
Holders of Series K shares	116	119	-3
Total number of shareholders*	34,460	34,910	-450

*The number of holders of Series A and K shares differs from the total number of shareholders since some of the holders of Series K shares also hold Series A shares.

On 31 March 2011, Pohjola had 34,460 shareholders, private individuals accounting for 95%. The number of nominee-registered shares increased by 0.8 million during the reporting period. On 31 March 2011, these shares accounted for 20.4% (20.1) of Series A shares.

Major shareholders

31 March 2011	% of all shares	% of Series A shares	% of votes
OP-Pohjola Group Central Cooperative	29.98	14.00	57.05
Ilmarinen Mutual Pension Insurance Company	10.00	12.72	5.39
Suomi Mutual Life Assurance Company	7.26	9.23	3.91
Oulun Osuuspankki	1.38	1.12	1.81
OP Bank Group Pension Fund	1.08	1.38	0.58
OP Bank Group Pension Foundation	0.73	0.93	0.39
Turun Seudun Osuuspankki	0.57	0.72	0.33
Varma Mutual Pension Insurance Company	0.55	0.71	0.30
OP-Delta mutual fund	0.47	0.60	0.25
Länsi-Suomen Osuuspankki	0.46	0.43	0.52
Nominee-registered shares, total	16.04	20.41	8.64
Other	31.48	37.75	20.83
Total	100.00	100.00	100.00

Outlook towards the year end

The economic recovery underway has been reflected in demand for corporate loans, with the result that the corporate loan portfolio has begun to grow. The average corporate loan margin has turned down and tougher competition is expected to send the margin on new loans down. Enabled by the economic recovery, the operating environment is expected to improve in the corporate sector and impairment charges to decrease. The greatest uncertainties related to Banking's financial performance in 2011 are associated with future impairment charges on the loan portfolio.

Insurance premium revenue is expected to continue to increase at an above-the-market-average rate among private customers. Insurance premium revenue from corporate customers has rebounded. In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 94% in 2011 if the number of large claims is not much higher than in 2010. Expected long-term returns on investment within Non-life Insurance stand at 5.1%. Returns will largely depend on developments in the investment environment. The most significant uncertainties related to Non-life Insurance's financial performance in 2011 pertain to the investment environment and the effect of large claims on claims expenditure.

Within Asset Management, assets under management are expected to increase during the rest of the year, their amounts being affected by market developments and the net inflow of assets. The greatest uncertainties related to Asset Management's financial performance in 2011 are associated with the actual performance-based fees tied to the success of investments and the amount of assets under management.

The key determinants affecting the Group Functions' financial performance include net interest income arising from assets in the liquidity portfolio, any capital gains or losses on notes and bonds and any impairment charges recognised on notes and bonds in the income statement. Capital gains on notes and bonds are expected to decrease in 2011.

Consolidated earnings before tax in 2011 are expected to be higher than in 2010.

There is still great uncertainty about future economic development and the overall operating environment, and these factors are beyond the Group management's control.

All forward-looking statements in this report expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the operating environment and the future financial performance of Pohjola Group and its various functions, and actual results may differ materially from those expressed in the forward-looking statements.

Consolidated income statement

EUR million	Note	Q1/ 2011	Q1/ 2010
Net interest income	3	68	60
Impairments of receivables	4	15	33
Net interest income after impairments		**53**	**27**
Net income from Non-life Insurance	5	94	79
Net commissions and fees	6	41	40
Net trading income	7	14	7
Net investment income	8	11	18
Other operating income	9	11	11
Total income		**223**	**182**
Personnel costs		55	47
IT expenses		19	19
Depreciation/amortisation		15	18
Other expenses		41	39
Total expenses		**129**	**123**
Share of associates' profits/losses		0	0
Earnings before tax		**94**	**59**
Income tax expense		21	15
Profit for the period		**73**	**43**
Attributable to owners of the Parent		73	43
Total		**73**	**43**
Earnings per share (EPS), basic, EUR			
Series A		0.24	0.14
Series K		0.21	0.11

Consolidated statement of comprehensive income

EUR million	Q1/ 2011	Q1/ 2010
Profit for the period	**73**	**43**
Change in fair value reserve		
Measurement at fair value	-7	61
Cash flow hedge	-14	
Translation differences	0	0
Income tax on other comprehensive income		
Measurement at fair value	-2	16
Cash flow hedge	-4	
Total comprehensive income for the period	**58**	**88**
Total comprehensive income attributable to owners of the Parent	58	88
Total	**58**	**88**

Consolidated balance sheet

EUR million	Note	31 March 2011	31 Dec 2010
Cash and cash equivalents		474	1,501
Receivables from credit institutions		9,734	8,033
Financial assets at fair value through profit or loss			
Financial assets held for trading		516	410
Financial assets at fair value through profit or loss at inception		13	12
Derivative contracts		1,943	1,962
Receivables from customers		12,102	12,433
Non-life Insurance assets	12	3,456	3,198
Investment assets		6,869	6,339
Investment in associates		25	25
Intangible assets	13	921	925
Property, plant and equipment (PPE)		89	97
Other assets		1,939	1,208
Tax assets		43	40
Total assets		**38,126**	**36,184**
Liabilities to credit institutions		5,606	4,960
Financial liabilities at fair value through profit or loss			
Financial assets held for trading			0
Derivative contracts		2,237	2,054
Liabilities to customers		3,805	4,231
Non-life Insurance liabilities	14	2,782	2,351
Debt securities issued to the public	15	17,168	16,685
Provisions and other liabilities		2,687	1,816
Tax liabilities		458	455
Subordinated liabilities		1,075	1,255
Total liabilities		**35,817**	**33,807**
Shareholders' equity			
Capital and reserves attributable to owners of the Parent			
Share capital		428	428
Fair value reserve	16	-28	-12
Other reserves		1,093	1,093
Retained earnings		816	868
Total shareholders' equity		**2,309**	**2,377**
Total liabilities and shareholders' equity		**38,126**	**36,184**

Consolidated statement of changes in equity

EUR million	Share capital	Fair value reserve: Measurement at fair value	Fair value reserve: Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2010	**428**	**0**		**1,093**	**746**	**2,267**
Total comprehensive income for the period		45			43	88
Profit distribution					-107	-107
EUR 0.34 per Series A share					-85	-85
EUR 0.31 per Series K share					-21	-21
Equity-settled share-based payment					0	0
Other					0	0
Balance at 31 March 2010	**428**	**45**		**1,093**	**683**	**2,249**

EUR million	Share capital	Fair value reserve: Measurement at fair value	Fair value reserve: Cash flow hedge	Other reserves	Retained earnings	Total equity
Balance at 1 January 2011	**428**	**-6**	**-6**	**1,093**	**868**	**2,377**
Total comprehensive income for the period		-5	-10		73	58
Profit distribution					-126	-126
EUR 0.40 per Series A share					-100	-100
EUR 0.37 per Series K share					-25	-25
Equity-settled share-based payment					0	0
Other					0	0
Balance at 31 March 2011	**428**	**-12**	**-16**	**1,093**	**816**	**2,309**

Consolidated cash flow statement

EUR million	Q1/ 2011	Q1/ 2010
Cash flow from operating activities		
Profit for the period	73	43
Adjustments to profit for the period	253	281
Increase (-) or decrease (+) in operating assets	**-3,095**	**-1,603**
Receivables from credit institutions	-1,554	23
Financial assets at fair value through profit or loss	-134	44
Derivative contracts	2	-17
Receivables from customers	293	-253
Non-life Insurance assets	-298	-277
Investment assets	-673	-632
Other assets	-732	-490
Increase (+) or decrease (-) in operating liabilities	**1,322**	**1,921**
Liabilities to credit institutions	653	-111
Financial liabilities at fair value through profit or loss	0	19
Derivative contracts	1	15
Liabilities to customers	-426	1,109
Non-life Insurance liabilities	228	190
Provisions and other liabilities	865	699
Income tax paid	-16	-3
Dividends received	28	19
A. Net cash from operating activities	**-1,436**	**659**
Cash flow from investing activities		
Decreases in held-to-maturity financial assets	52	64
Acquisition of subsidiaries and associates, net of cash acquired	-1	0
Purchase of PPE and intangible assets	-7	-3
Proceeds from sale of PPE and intangible assets	0	0
B. Net cash used in investing activities	**44**	**60**
Cash flow from financing activities		
Increases in subordinated liabilities	0	23
Decreases in subordinated liabilities	-156	-10
Increases in debt securities issued to the public	9,838	12,173
Decreases in debt securities issued to the public	-9,038	-12,494
Dividends paid	-126	-107
C. Net cash used in financing activities	**518**	**-414**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-874**	**305**
Cash and cash equivalents at period-start	**1,758**	**3,250**
Cash and cash equivalents at period-end	**884**	**3,555**
Cash and cash equivalents		
Liquid assets*	483	3,332
Receivables from credit institutions payable on demand	401	223
Total	**884**	**3,555**

* Of which EUR 10 million (3) consists of Non-life Insurance cash and cash equivalents.

Segment information

Q1 earnings 2011, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	43					43
Markets	12					12
Other operations		-1	0	13	1	13
Total	55	-1	0	13	1	68
Net commissions and fees	25	5	12	-1	-1	41
Net trading income	15		0	-2	1	14
Net investment income	0		0	11		11
Net income from Non-life Insurance						
From insurance operations		68				68
From investment operations		38			-1	37
From other items		-12				-12
Total		95			-1	94
Other operating income	7	1	1	3	-1	11
Total income	**103**	**100**	**13**	**24**	**-2**	**239**
Personnel costs	15	32	4	4		55
IT expenses	6	11	0	1	0	19
Amortisation on intangible assets related to company acquisitions		5	1			6
Other depreciation/amortisation and impairments	6	2	0	0		9
Other expenses	7	31	2	3	-1	41
Total expenses	**34**	**81**	**7**	**8**	**-2**	**129**
Earnings/loss before impairment of receivables	**68**	**19**	**6**	**17**	**0**	**110**
Impairments of receivables	16	0		0		15
Earnings before tax	**53**	**19**	**6**	**17**	**0**	**94**
Change in fair value reserve	1	-23	0	2	0	-21
Earnings/loss before tax at fair value	**54**	**-4**	**6**	**18**	**0**	**74**

Q1 earnings 2010, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Net interest income						
Corporate Banking and Baltic Banking	40					40
Markets	6					6
Other operations		-1	0	14	0	14
Total	46	-1	0	14	0	60
Net commissions and fees	24	4	13	0	-1	40
Net trading income	13		0	-6		7
Net investment income	0		0	18		18
Net income from Non-life Insurance						
From insurance operations		74				74
From investment operations		16			1	17
From other items		-11				-11
Total		78			1	79
Other operating income	7	1	0	4	-1	11
Total income	**90**	**82**	**14**	**30**	**-1**	**215**
Personnel costs	12	27	5	3	0	47
IT expenses	6	11	1	2		19
Amortisation on intangible assets related to company acquisitions		8	1			8
Other depreciation/amortisation and impairments	7	2	0	0		9
Other expenses	6	29	2	3	-1	39
Total expenses	**31**	**76**	**8**	**8**	**-1**	**123**
Earnings/loss before impairment of receivables	**59**	**6**	**6**	**22**	**0**	**92**
Impairments of receivables	33	0				33
Earnings before tax	**26**	**6**	**6**	**22**	**0**	**59**
Change in fair value reserve	0	69	0	-8	-1	61
Earnings/loss before tax at fair value	**26**	**75**	**6**	**14**	**-1**	**119**

Balance sheet 31 March 2011, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	11,866			333	-97	12,102
Receivables from credit institutions	309	0	1	9,915	-18	10,208
Financial assets at fair value through profit or loss	596			-67		529
Non-life Insurance assets		3,679			-222	3,456
Investment assets	167	16	17	6,678	-8	6,869
Investments in associates		2	23			25
Other assets	3,190	783	117	879	-33	4,935
Total assets	**16,128**	**4,480**	**158**	**17,738**	**-379**	**38,126**
Liabilities to customers	1,238			2,612	-46	3,805
Liabilities to credit institutions	1,215			4,488	-97	5,606
Non-life Insurance liabilities		2,799			-16	2,782
Debt securities issued to the public				17,341	-173	17,168
Subordinated liabilities		50		1,025		1,075
Other liabilities	3,814	83	13	1,517	-46	5,381
Total liabilities	**6,268**	**2,932**	**13**	**26,983**	**-379**	**35,817**
Shareholders' equity						**2,309**
Average personnel	684	2,101	148	126		3,060
Capital expenditure, EUR million	2	5	0	0		7

Balance sheet 31 Dec 2010, EUR million	Banking	Non-life Insurance	Asset Manage-ment	Group Functions	Elimi-nations	Group total
Receivables from customers	11,544			977	-88	12,433
Receivables from credit institutions	249	2	1	9,300	-18	9,534
Financial assets at fair value through profit or loss	483			-60		422
Non-life Insurance assets		3,307			-109	3,198
Investment assets	83	16	41	6,231	-32	6,339
Investments in associates		2	23			25
Other assets	2,505	788	122	919	-101	4,232
Total assets	**14,865**	**4,115**	**186**	**17,366**	**-348**	**36,184**
Liabilities to customers	1,391			2,914	-74	4,231
Liabilities to credit institutions	1,245			3,804	-88	4,960
Non-life Insurance liabilities		2,357			-6	2,351
Debt securities issued to the public				16,760	-75	16,685
Subordinated liabilities		50		1,205		1,255
Other liabilities	2,811	143	17	1,460	-105	4,325
Total liabilities	**5,446**	**2,550**	**17**	**26,142**	**-349**	**33,807**
Shareholders' equity						**2,377**
Average personnel	657	2,090	144	126		3,016
Capital expenditure, EUR million	6	9	1	1		17

Note 1. Accounting policies

The Interim Report for 1 January–31 March 2011 has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The Financial Statements 2010 contain a description of the accounting policies, which have been applied in the preparation of this Interim Report.

The Interim Report is based on unaudited information. Since all figures in the Bulletin have been rounded off, the sum of single figures may differ from the presented sum total.

Note 2. Formulas for key figures and ratios

Return on equity (ROE) at fair value, %
Profit for the period + Change in fair value reserve after tax /
Shareholders' equity (average of the beginning and end of period) x 100

Earnings/share (EPS)
Profit for the period attributable to owners of the Parent / Average share-issue adjusted number of shares during the period

Earnings/share (EPS) at fair value
(Profit for the period attributable to owners of the Parent + Change in fair value reserve) /
Average share-issue adjusted number of shares during the period

Equity/share
Shareholders' equity / Share-issue adjusted number of shares on the balance sheet date

Dividend per share (DPS)
Dividends paid for the financial year/ Share-issue adjusted number of shares on the balance sheet date

Market capitalisation
Number of shares x closing price on the balance sheet date

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates
Conglomerate's total capital / Conglomerate's total minimum capital requirement

Capital adequacy ratio, %
Total capital / Total minimum capital requirement x 8

Tier 1 ratio, %
Total Tier 1 capital / Total minimum capital requirement x 8

Core Tier 1, %
Total Tier 1 capital, excl. hybrid capital / Total minimum capital requirement x 8

KEY RATIOS FOR NON-LIFE INSURANCE

The key ratio formulas for Non-life Insurance are based on regulations issued by the Finnish Financial Supervisory Authority, using the corresponding IFRS sections to the extent applicable. The ratios are calculated using expenses by function applied by non-life insurance companies, which are not presented on the same principle as in the Consolidated Income Statement.

Loss ratio (excl. unwinding of discount)
Claims and loss adjustment expenses / Net insurance premium revenue x 100

Expense ratio
Operating expenses + Amortisation/adjustment of intangible assets related to company acquisition /
Net insurance premium revenue x 100

Risk ratio (excl. unwinding of discount)
Claims excl. loss adjustment expenses / Net insurance premium revenue x 100

Cost ratio
Operating expenses and loss adjustment expenses / Net insurance premium revenue x 100

Combined ratio (excl. unwinding of discount)
Loss ratio + expense ratio
Risk ratio + cost ratio

Solvency ratio
(+ Non-life Insurance net assets
+ Subordinated loans
+ Net tax liability for the period
- Deferred tax to be realised in the near future and other items deducted from the solvency margin
- Intangible assets)/
Insurance premium revenue x 100

OPERATING KEY RATIOS

Operating cost/income ratio
(+ Personnel costs
+ Other administrative expenses
+ Other operating expenses excl. amortisation on intangible assets and goodwill related to Pohjola acquisition) /
(+ Net interest income
+ Net income from Non-life Insurance
+ Net commissions and fees
+ Net trading income
+ Net investment income
+ Other operating income) x 100

Operating loss ratio, %
Claims incurred, excl. changes in reserving bases/
Insurance premium revenue, excl. net changes in reserving bases x 100

Operating expense ratio
Operating expenses / Insurance premium revenue, excl. net changes in reserving bases x 100

Operating combined ratio, %
Operating loss ratio + Operating expense ratio

Values used in calculating the ratios

EUR million	31 March 2011	31 Dec 2010
Non-life Insurance		
Non-life Insurance net assets	1,548	1,564
Net tax liabilities for the period	-12	-13
Own subordinated loans	50	50
Deferred tax to be realised in the near future and other items deducted from the solvency margin of the companies	-2	2
Intangible assets	762	767

EUR million	31 March 2011	31 March 2010	31 Dec 2010
Non-recurring items			
Increase in technical provisions related to higher life expectancy			-35
Cancellation of provision for guarantee system			15
Items related to corporate transaction (Asset Management)			6

Note 3. Net interest income

EUR million	Q1/ 2011	Q1/ 2010
Loans and other receivables	62	71
Receivables from credit institutions and central banks	30	23
Notes and bonds	-57	123
Derivatives held for trading (net)	8	-28
Liabilities to credit institutions	-9	-13
Liabilities to customers	-6	-2
Debt securities issued to the public	25	-83
Subordinated debt	-7	-8
Hybrid capital	-2	-2
Financial liabilities held for trading	0	-1
Other (net)	0	0
Net interest income, excluding derivatives for hedging purposes	**43**	**81**
Derivatives under hedge accounting (net)	25	-21
Total net interest income	**68**	**60**

Note 4. Impairments of receivables

EUR million	Q1/ 2011	Q1/ 2010
Receivables eliminated as loan or guarantee losses	1	25
Receoveries of eliminated receivables	0	0
Increase in impairment losses	16	41
Decrease in impairment losses	-2	-32
Total impairments of receivables	**15**	**33**

Note 5. Net income from Non-life Insurance

EUR million	Q1/ 2011	Q1/ 2010
Net insurance premium revenue		
Premiums written	474	446
Insurance premiums ceded to reinsurers	-30	-28
Change in provision for unearned premiums	-218	-208
Reinsurers' share	19	18
Total	**246**	**227**
Net Non-life Insurance claims		
Claims paid	176	177
Insurance claims recovered from reinsurers	-4	-15
Change in provision for unpaid claims	5	-30
Reinsurers' share	1	22
Total	**178**	**154**

Net investment income, Non-life Insurance		
Interest income	16	16
Dividend income	21	17
Investment property	1	1
Capital gains and losses		
Notes and bonds	-9	31
Shares and participations	5	-20
Loans and receivables	-1	-1
Investment property	0	0
Derivatives	7	-8
Fair value gains and losses		
Notes and bonds	0	0
Shares and participations	-5	-16
Loans and receivables	-1	-1
Investment property	0	0
Derivatives	1	-4
Other	1	1
Total	**37**	**17**
Unwinding of discount	-12	-11
Other	0	0
Total net income from Non-life Insurance	**94**	**79**

Note 6. Net commissions and fees

EUR million	Q1/ 2011	Q1/ 2010
Commission income		
Lending	9	8
Payment transfers	3	3
Securities brokerage	10	7
Securities issuance	2	4
Asset management and legal services	14	14
Insurance operations	5	4
Guarantees	4	4
Other	1	2
Total commission income	**47**	**46**
Commission expenses		
Payment transfers	0	1
Securities brokerage	3	2
Securities issuance	1	1
Asset management and legal services	2	2
Other	1	1
Total commission expenses	**7**	**6**
Total net commissions and fees	**41**	**40**

Note 7. Net trading income

EUR million	Q1/ 2011	Q1/ 2010
Financial assets and liabilities held for trading		
Capital gains and losses		
Notes and bonds	-3	4
Shares and participations	0	0
Derivatives	6	-12
Fair value gains and losses		
Notes and bonds	-1	4
Shares and participations	0	0
Derivatives	10	6
Financial assets and liabilities at fair value through profit or loss		
Capital gains and losses		
Notes and bonds		0
Fair value gains and losses		
Notes and bonds	1	1
Net income from foreign exchange operations	2	3
Total net trading income	**14**	**7**

Note 8. Net investment income

EUR million	Q1/ 2011	Q1/ 2010
Available-for-sale financial assets		
Capital gains and losses		
Notes and bonds	5	14
Shares and participations	0	0
Dividend income	6	3
Impairments	0	-3
Carried at amortised cost		
Capital gains and losses		
Loans and other receivables	1	4
Total	**12**	**18**
Investment property	0	0
Total net investment income	**11**	**18**

Note 9. Other operating income

EUR million	Q1/ 2011	Q1/ 2010
Central banking service fees	2	2
Realisation of repossessed items	0	0
Rental income from assets rented under operating lease	5	6
Other	4	2
Total	**11**	**11**

Note 10. Classification of financial instruments

Assets, EUR million	Loans and receivables	Held to maturity	At fair value through profit or loss*	Available for sale	Hedging derivatives	Total
Cash and balances with central banks	474					474
Receivables from credit institutions and central banks	9,734					9,734
Derivative contracts			1,821		122	1,943
Receivables from customers	12,102					12,102
Non-life Insurance assets**	750		105	2,602		3,456
Notes and bonds***		877	529	5,882		7,289
Shares and participations				83		83
Other receivables	3,018		26			3,044
Total 31 March 2011	**26,078**	**877**	**2,481**	**8,567**	**122**	**38,126**
Total 31 December 2010	**24,912**	**928**	**2,408**	**7,838**	**98**	**36,184**

Liabilities, EUR million	At fair value through profit or loss	Other liabilities	Hedging derivatives	Total
Liabilities to credit institutions		5,606		5,606
Derivative conctracts	2,028		208	2,237
Liabilities to customers		3,805		3,805
Non-life Insurance liabilities	0	2,782		2,782
Debt instruments issued to the public		17,168		17,168
Subordinated liabilities		1,075		1,075
Other liabilities		3,145		3,145
Total 31 March 2011	**2,029**	**33,580**	**208**	**35,817**
Total 31 December 2010	**1,854**	**31,751**	**202**	**33,807**

* Assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss at inception and investment property.
** Non-life Insurance assets are specified in Note 12.
*** On 31 March 2011, notes and bonds included EUR 13 million (12) in notes and bonds recognised using the fair value option.

Debt securities issued to the public are carried at amortised cost. On 31 March 2011, the fair value of these debt instruments was EUR 46 million lower than their carrying amount, based on information available in markets and employing commonly used valuation techniques. Subordinated liabilities are carried at amortised cost. Their fair value are lower than their carrying amount, but determining fair values involves uncertainty.

Note 11. Financial instruments recognised at fair value, grouped by valuation technique

Fair value of assets on 31 March 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	441	84	4	529
Non-life Insurance			8	8
Derivative financial instruments				
Banking	19	1,776	148	1,943
Non-life Insurance	1	2		3
Available-for-sale				
Banking	5,180	769	17	5,966
Non-life Insurance	1,754	617	231	2,602
Total	**7,394**	**3,248**	**409**	**11,051**

Fair value of assets on 31 December 2010, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking	307	112	4	422
Non-life Insurance			8	8
Derivative financial instruments				
Banking	32	1,794	137	1,962
Non-life Insurance	0	0		1
Available-for-sale				
Banking	4,782	588	15	5,385
Non-life Insurance	1,577	653	223	2,453
Total	**6,699**	**3,146**	**386**	**10,231**

Fair value of liabilities on 31 March 2011, EUR million	Level 1*	Level 2**	Level 3***	Total
Derivative financial instruments				
Banking	6	2,204	26	2,237
Non-life Insurance	0	0		0
Total	**7**	**2,204**	**26**	**2,237**

Fair value of liabilities on 31 December 2010, EUR million	Level 1*	Level 2**	Level 3***	Total
Recognised at fair value through profit or loss				
Banking		0		0
Derivative financial instruments				
Banking	22	2,020	12	2,054
Non-life Insurance	1	0		2
Total	**24**	**2,020**	**12**	**2,056**

* This level includes equities listed on major stock exchanges, quoted corporate debt instruments, bonds issued by governments and financial institutions with credit rating of at least A-, and exchange-traded derivatives. The fair value of these instruments is determined on the basis of market quotes.

** Valuation techniques based on observable input parameters. The fair value of the instruments included within this level means value derived from the market price of a financial instrument's components or similar financial instruments; or value which can be determined using commonly used valuation models and techniques if the inputs significant to the fair value measurement are based on observable market data. The fair value hierarchy level at Pohjola Group includes OTC derivatives, treasury bills/notes, debt instruments issued by companies and financial institutions, repo agreements, and securities lent or borrowed.

*** Valuation techniques whose input parameters involve special uncertainty. The fair value determination of the financial instruments included within this level contains inputs not based on observable market data (unobservable inputs). This level includes the most complex OTC derivatives, certain private equity investments, and illiquid bonds, structured bonds, including securitised bonds and structured debt securities, and hedge funds.

Transfers between levels of the fair value hierarchy

Within Non-life Inurance, in the first quarter of 2011 EUR 18.4 million in Portuguese and Irish government bonds were transferred from level 1 to level 2, due to changes in credit ratings.

Note 12. Non-life Insurance assets

EUR million	31 March 2011	31 Dec 2010
Investments		
Loans and other receivables	202	254
Shares and participations	441	400
Property	94	87
Notes and bonds	1,493	1,500
Derivatives	3	1
Other participations	675	561
Total	**2,909**	**2,802**
Other assets		
Prepayments and accrued income	33	38
Other		
From direct insurance	336	228
From reinsurance	112	87
Cash in hand and at bank	10	4
Other receivables	55	39
Total	**547**	**396**
Total Non-life insurance assets	**3,456**	**3,198**

Note 13. Intangible assets

EUR million	31 March 2011	31 Dec 2010
Goodwill	516	516
Brands	173	173
Customer relationships	173	179
Other	59	56
Total	**921**	**925**

Note 14. Non-life Insurance liabilities

EUR million	31 March 2011	31 Dec 2010
Provision for unpaid claims		
Provision for unpaid claims for annuities	1,108	1,108
Other provision for unpaid claims	756	739
Total	1,864	1,847
Provision for unearned premiums	595	377
Derivatives	0	2
Other liabilities	323	125
Total	**2,782**	**2,351**

Note 15. Debt securities issued to the public

EUR million	31 March 2011	31 Dec 2010
Bonds	7,327	6,861
Certificates of deposit, commercial papers and ECPs	9,591	9,563
Other	250	262
Total	**17,168**	**16,685**

Note 16. Fair value reserve after income tax

EUR million	31 March 2011	31 Dec 2010
Loans and other receivables		
Reclassified notes and bonds	-7	-8
Available-for-sale financial assets		
Notes and bonds	-52	-57
Equities and mutual funds with equity risk	35	28
Other funds	12	31
Derivatives		
Cash flow hedge	-16	-6
Total	**-28**	**-12**

The negative fair value reserve may recover by means of asset appreciation, capital losses and recognised impairments.

The fair value reserve before tax totalled EUR –38 million (–17) and the related deferred tax asset amounted to EUR 10 million (5). On 31 March, positive mark-to-market valuations of equity instruments before tax in the fair value reserve totalled EUR 76 million and negative mark-to-market valuations EUR 20 million. In January–March, impairment charges recognised from the fair value reserve in the income statement totalled one million euros.

Note 17. Risk exposure by Banking

Total exposure by rating category*, EUR billion

Rating category	31 March 2011	31 Dec 2010	Change
1–2	2.6	2.4	0.2
3–5	11.8	11.8	0.0
6–7	4.5	4.2	0.3
8–9	1.9	2.1	-0.2
10	0.1	0.1	0.0
11–12	0.4	0.4	0.0
Non-rated	0.2	0.2	0.0
Total	**21.4**	**21.0**	**0.4**

* excl. private customers

Sensitivity analysis of market risk

			31 March 2011		31 Dec 2010	
Banking, EUR million	Risk parameter	Change	Effect on results	Effect on shareholders' equity	Effect on results	Effect on shareholders' equity
Interest-rate risk	Interest	1 percentage point	11		4	
Currency risk	Market value	20 percentage points	2		1	
Volatility risk						
Interest-rate volatility	Volatility	20 percentage points	6		2	
Currency volatility	Volatility	10 percentage points	0		0	
Credit risk premium*	Credit spread	0.5 percentage points	11		12	

Sensitivity figures have been calculated as the sum of the currencies' intrinsic value.
* The credit risk premium has been calculated on notes and bonds at fair value through profit or loss and available for sale, included in liquidity reserves.

Note 18. Risk exposure by Non-life Insurance

Risk parameter	Total amount 31 March 2011, EUR million	Change in risk parameter	Effect on combined ratio	Effect on shareholders' equity, EUR million
Insurance portfolio or insurance premium revenue*	982	Up 1%	Up 0.9 percentage points	10
Claims incurred*	720	Up 1%	Down 0.7 percentage points	-7
Major loss of over EUR 5 million		1 loss	Down 0.5 percentage points	-5
Personnel costs*	110	Up 8%	Down 0.9 percentage points	-9
Expenses by function*/**	268	Up 4%	Down 1.1 percentage points	-11
Inflation for collective liability	507	Up 0.25 percentage points	Down 0.3 percentage points	-3
Life expectancy for discounted insurance contract liability	1,382	Up 1 year	Down 3.2 percentage points	-32
Discount rate for discounted insurance contract liability	1,382	Down 0.1 percentage point	Down 1.7 percentage points	-17

* Moving 12-month
** Expenses by function in Non-life Insurance excluding expenses for investment management and expenses for other services rendered

Non-life Insurance investment portfolio by allocation

Portfolio allocation, EUR million	Fair value 31 March 2011	%	Fair value 31 Dec 2010	%
Money market instruments	63	2 %	14	0 %
Bonds and bond funds	2,075	70 %	2,074	71 %
Equities	407	14 %	422	14 %
Alternative investments	220	7 %	207	7 %
Real property	220	7 %	207	7 %
Total	**2,985**	**100 %**	**2,924**	**100 %**

Non-life Insurance fixed-income portfolio by maturity and credit rating on 31 March 2011*, EUR million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	38	174	161	71	60	74	577	27 %
Aa1−Aa3	84	88	98	35	26	31	362	17 %
A1−A3	88	208	166	85	38	81	667	31 %
Baa1−Baa3	30	116	83	29	27	5	290	14 %
Ba1 or lower	49	95	32	33	4	14	228	11 %
Internally rated	3	1	0	1	2	4	11	1 %
Total	**292**	**682**	**541**	**254**	**158**	**209**	**2,135**	**100 %**

* Excludes credit derivatives.

The table below shows the sensitivity of investment risks and their effect on shareholders' equity:

Non-life Insurance	Risk parameter	Change	Effect on shareholders' equity, EUR million 31 March 2011	31 Dec 2010
Bonds and bond funds1)	Interest rate	1 percentage point	83	92
Equities 2)	Market value	20 percentage points	80	83
Venture capital funds and unquoted equities	Market value	20 percentage points	16	16
Commodities	Market value	20 percentage points	6	5
Real property	Market value	10 percentage points	22	21
Currency	Value of currency	20 percentage points	50	48
Credit risk premium 3)	Credit spread	0.5 percentage points	41	47
Derivatives 4)	Volatility	10 percentage points	2	0

1) Include money-market investments, convertible bonds and interest-rate derivatives
2) Include hedge funds and equity derivatives
3) Includes bonds and money-market investments, including government bonds and interest-rate derivatives issued by developed countries
4) 20 percentage points for equity derivatives, 10 percentage points for interest-rate derivatives and 5 percentage points for currency derivatives.

Note 19. Risk exposure by Group Functions

Total exposure by rating category, EUR billion

Rating category	31 March 2011	31 Dec 2010	Change
1–2	13.9	13.5	0.4
3–5	4.5	4.3	0.1
6–7	0.1	0.1	0.0
8–9	0.1	0.1	0.0
10	0.0	0.0	0.0
11–12	0.0	0.0	0.0
Non-rated	0.0	0.0	0.0
Total	**18.6**	**18.1**	**0.5**

Sensitivity analysis of market risk

			31 March 2011		31 Dec 2010	
Group Functions, EUR million	**Risk parameter**	**Change**	**Effect on results**	**Effect on shareholders' equity**	**Effect on results**	**Effect on shareholders' equity**
Interest-rate risk	Interest rate	1 percentage point	19		6	0
Interest-rate volatility	Volatility	20 percentage points	1		0	
Credit risk premium*	Credit spread	0.5 percentage points		121	0	121
Price risk						
Equity portfolio	Market value	20 percentage points		2		2
Private equity funds	Market value	20 percentage points		5		6
Property risk	Market value	10 percentage points	3		4	

Sensitivity figures have been calculated as the sum of the currencies' intrinsic value.
* The credit risk premium has been calculated on notes and bonds at fair value through profit or loss and available for sale, included in liquidity reserves.

Financial assets included in liquidity reserve by maturity and credit rating on 31 March 2011, EUR million

Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	1,118	552	2,037	1,015	838	45	5,605	59 %
Aa1−Aa3	122	1,242	465	131	211		2,172	23 %
A1−A3	213	530	99	26	1	0	869	9 %
Baa1−Baa3	82	209	150	7	0		449	5 %
Internally rated	76	178	84	58			396	4 %
Total	**1,612**	**2,711**	**2,836**	**1,237**	**1,050**	**45**	**9,491**	**100 %**

The residual maturity of liquidity reserves averages 4.0 years.

Note 20. Capital base and capital adequacy

EUR million	31 March 2011	31 Dec 2010
Tier 1 capital		
Equity capital	2,309	2,377
Elimination of insurance companies' effect in equity capital (equity capital and Group eliminations)	94	93
Fair value reserve, transfer to Tier 2	34	36
Tier 1 capital before deductions and hybrid capital	**2,437**	**2,505**
Hybrid capital	274	274
Intangible assets	-165	-165
Excess funding of pension liability and fair value measurement of investment property	-30	-30
Dividend distribution proposed by Board of Directors		-126
Planned dividend distribution	-37	
Investments in insurance companies and financial institutions	-704	-705
Impairments – shortfall of expected losses	-59	-61
Shortfall of Tier 2 capital	-25	
Total Tier 1 capital for calculating capital adequacy	**1,690**	**1,692**
Tier 2 capital		
Fair value reserve	-18	-29
Perpetual bonds	299	299
Debenture loans	457	608
Investments in insurance companies and financial institutions	-704	-705
Impairments – shortfall of expected losses	-59	-61
Transfer to Tier 1 capital	25	
Tottal Tier 2 capital for calculating capital adqeuacy		**111**
Total capital base	**1,690**	**1,803**
Deductions from Tier 1 and 2 capital		
Investments in insurance companies and financial institutions	-1,409	-1,410
Impairments – shortfall of expected losses	-118	-122
Total	-1,527	-1,531
Risk-weighted assets	**13,871**	**13,520**
Capital adequacy ratio, %	**12.2**	**13.3**
Tier 1 ratio, %	**12.2**	**12.5**

Capital base and capital adequacy measurement is based on approaches under Basel II. Pohjola has used the Internal Ratings Based Approach for corporate exposures.

Note 21. Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

EUR million	31 March 2011	31 Dec 2010
Pohjola Group's equity capital	2,309	2,377
Business-segment-specific items	1,079	1,230
Goodwill and intangible assets	-860	-862
Equalisation provision	-301	-314
Other items included in equity capital and business-segment-specific items, but not included in the conglomerate's capital resources	-175	-277
Conglomerate's capital base, total	**2,051**	**2,154**
Regulatory capital requirement for credit institutions	1,110	1,082
Regulatory capital requirement for insurance operations	189	177
Total minimum amount of conglomerate's capital ba	**1,299**	**1,259**
Conglomerate's capital adequacy	**753**	**895**
Conglomerate's capital adequacy ratio (capital resources/minimum of capital resources)	**1.58**	**1.71**

OP-Pohjola Group's capital adequacy ratio under the Act on Credit Institutions stood at 12.7% and Tier 1 ratio at 12.7%. OP-Pohjola Group's capital adequacy ratio calculated using the consolidation method, under the Act on the Supervision of Financial and Insurance Conglomerates, was 1.67.

Note 22. Collateral given

EUR million	31 March 2011	31 Dec 2010
Given on behalf of own liabilities and commitments		
Mortgages	1	1
Pledges	6,248	6,026
Other	404	349
Total collateral given	**6,652**	**6,376**
Total collateralised liabilities	**636**	**651**

Note 23. Off-balance-sheet commitments

EUR million	31 March 2011	31 Dec 2010
Guarantees	1,116	1,125
Other guarantee liabilities	1,258	1,333
Loan commitments	4,114	3,912
Commitments related to short-term trade transactions	125	140
Other	458	463
Total off-balance-sheet commitments	**7,070**	**6,972**

Note 24. Derivative contracts

31 March 2011, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	48,432	81,930	32,666	163,028	1,412	1,386
Currency derivatives	17,030	2,317	530	19,877	266	637
Equity and index derivatives	124	994	29	1,146	119	0
Credit derivatives	23	152		175	5	0
Other derivatives	3,899	248		4,146	21	58
Total derivatives	**69,507**	**85,641**	**33,224**	**188,373**	**1,823**	**2,081**

31 Dec 2010, EUR million	Nominal values/residual term to maturity <1 year	1–5 years	>5 years	Total	Fair values* Assets	Liabilities
Interest rate derivatives	45,688	66,499	28,059	140,246	1,471	1,505
Currency derivatives	16,373	2,081	675	19,129	326	409
Equity and index derivatives	160	967	29	1,156	128	0
Credit derivatives	13	162		175	5	0
Other derivatives	3,925	263		4,188	30	47
Total derivatives	**66,160**	**69,972**	**28,763**	**164,894**	**1,961**	**1,962**

* Fair values include accrued interest which is shown under other assets or provisions and other liabilities in the balance sheet.

Note 25. Other contingent liabilities and commitments

On 31 March 2011, Banking commitments to venture capital funds amounted to EUR 11 million and Non-Life Insurance commitments to EUR 115 million. They are included in the section 'Off-balance-sheet commitments'.

Note 26. Related-party transactions

Pohjola Group's related parties comprise its parent company OP-Pohjola Group Central Cooperative, subsidiaries consolidated into the Group, associates and administrative personnel and other related-party entities. Pohjola Group's administrative personnel comprises Pohjola Bank plc's President and CEO, members of the Board of Directors and their close family members. Related parties also include companies over which a person among administrative personnel or his close family member exercises significant influence. Other related-party entities include OP Pension Fund, OP Pension Foundation and sister companies within OP-Pohjola Group Central Cooperative Consolidated.

Normal loan terms and conditions apply to loans granted to related parties. These loans are tied to generally used reference rates.

Related-party transactions have not undergone any substantial changes since 31 December 2010.

Helsinki, 4 May 2011

Pohjola Bank plc
Board of Directors

This Interim Report is available at www.pohjola.fi/english > Media. Background information on the Report can also be found at the same address.

Analyst meeting, conference call and live webcast

Pohjola will hold a briefing in English for analysts and investors on 4 May starting at 3.00 pm Finnish time, EET (2.00 pm CET, 1.00 pm UK time, 8am US EST). The briefing is a combined analyst meeting, conference call and live webcast.

Analysts and investors may attend the briefing in one of the following two ways:

1) By viewing the briefing as live webcast via the internet. The link will be available on the IR website before the briefing begins. Questions on the internet are welcome via a question button available in the webcast window. An on-demand webcast of the briefing can be viewed via the IR website afterwards.

2) By dialling one of the regional conference call numbers shown below. Questions are welcome by telephone in the Q&A session according to instructions. To participate via a conference call, please dial in 5−10 minutes before the beginning of the event:

UK, International +44 203 043 24 36
US +1 866 458 40 87
FIN +358 923 101 527
Password: Pohjola

Press conference

Mikael Silvennoinen, Pohjola Bank plc's President and CEO, will present the interim results in a press conference on OP-Pohjola Group's premises (Teollisuuskatu 1b, Vallila, Helsinki), on 4 May, starting at noon.

Financial reporting in 2011

Schedule for Interim Reports in 2011:

Interim Report H1/2011	3 August 2011
Interim Report Q1−3/2011	2 November 2011

DISTRIBUTION
NASDAQ OMX Helsinki Ltd
London Stock Exchange
Major media
www.pohjola.fi, www.op.fi

For additional information, please contact
Mikael Silvennoinen, President and CEO, tel. +358 (0)10 252 2549
Vesa Aho, CFO, tel. +358 (0)10 252 2336
Tarja Ollilainen, Senior Vice President, Investor Relations, tel. +358 (0)10 252 4494